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IRAQ ADMINISTRATIVE REFORM PROJECT

MONTHLY PROGRESS REPORT

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ACRONYMS

COMSEC	Council of Ministers Secretariat
COP	Chief of Party
DG	Director General
DGGC	Directorate General of Government Contracts
FAQs	Frequently Asked Questions
FY	Fiscal Year
GO	Governor Office
Gol	Government of Iraq
HQ	Headquarter
IDMS	Iraq Development Management System
IT	Information Technology
KMoLSA	Kurdistan Ministry of Labor and Social Affairs
KRG	Kurdistan Regional Government
MoE	Ministry of Electricity
MoH	Ministry of Health
Mol	Ministry of Interior
MoO	Ministry of Oil
MoP	Ministry of Planning
MoTr	Ministry of Transportation
MoU	Memorandum of Understanding
MRC	Midland Refineries Company
MSI	Management Systems International
NCMDIT	National Center for Management Development and Information Technology
OJT	On- Job-Training
OPC	Oil Pipelines Company
SBDs	Standard Bidding Documents
SCOP	State Company for Oil Projects
SOC	South Oil Company
SOE	State Owned Enterprises
SRC	South Refineries Company
SQL	Structured Query Language
SSN	Social Safety Net
ToT	Training of Trainers
USAID	United States Agency for International Development
USG	United State Government

SUMMARY

During this reporting period, USAID-*Tarabot* further developed and integrated its support to the Ministry of Oil (MoO), refining the overall vision and goals of support to the MoO to increase oil revenues through immediate practical solutions to existing oil sector deficiencies and problems. Now, in discussions with USAID, USAID-*Tarabot* is crafting the specific form such technical assistance will take. Based on the Oil Sector Assessment carried out over the last six months, this guidance will enhance the MoO and oil sector SOE operations and management in areas such as procurement, master planning, project management, and other critical systems. The recently submitted Work Plan for the extension period encapsulates this plan, and is under further refinement by both USAID and the MoO.

Technical assistance continued for the Ministry of Planning (MoP) and other government entities in public procurement reform. USAID-*Tarabot* graduated multiple COMSEC participants from procurement trainings, and assisted in the delivery of an advanced procurement training in Istanbul, Turkey.

This month the Kurdistan Social Safety Net progressed on finishing touches, and is slated to be operational in September. This SSN system represents the capstone of USAID-*Tarabot*'s assistance to Kurdistan, providing rapid improvements in service delivery to the vulnerable groups.

Lastly, preparations for the rollout of the Iraq Development Management System (IDMS) are underway. The system will enhance the transparency and management of Iraq's capital investment portfolio, allowing more efficient monitoring and control of public funds.

Events: The USAID-*Tarabot* project engaged in a variety of activities during August:

- **Total Events:** USAID-*Tarabot* teams held (76) events; representing (4) workshop and (72) meetings.
- **Locations:** (61) of these events were held at locations in Baghdad, while (12) events were delivered in Basrah, (1) event in Wasit, and (2) events in Erbil.
- **Institutions:** a total of (11) government institutions were involved in USAID-*Tarabot* activities in August; representing (9) ministries and (2) governorate.
- **Tarabot Technical Teams:** (13) events were implemented by Procurement Advisory Unit to support ministry of planning, (46) events were implemented by Oil Sector Team, and (2) events were implemented by SSN Senior Advisor in Kurdistan Region, and (15) by IDMS Team.

I. PUBLIC PROCUREMENT CAPACITY BUILDING

As part of its ongoing efforts to improve Iraq's service-oriented capital investments, USAID-Tarabot continues its partnership with the Ministry of Planning (MoP) to support the Government of Iraq (GoI) to make use of its investment budget through fair and transparent procurement systems. These reforms improve service delivery by lending efficiency and transparency to the procurement process. They help to create an environment conducive to fair and open competition in the tendering and awarding of contracts, and build the confidence of the private sector in the government's bidding process. In the past, reliance on disorganized, paper-based systems and antiquated processes hindered the transparency and efficiency of government procurement. The government needs to make concrete reforms to incorporate the expertise of international firms, upon which the success of complex large projects often rests. USAID-Tarabot will work with the MoP to deliver complementary capacity building activities and systems reform with the ultimate goal of establishing a unified procurement system aligned with international standards.

I.1 Ministry of Planning Capacity Building

As the chief coordinating entity for public contracting in Iraq, the MoP has been a longstanding partner of USAID-Tarabot in procurement reform, and is positioned to take the lead on Iraq's national-level procurement reform initiative. USAID-Tarabot took steps to prepare the ministry to do so through the training and anchoring of sound practices. Procurement training provided for the MoP is bolstered by hands-on experience, as MoP staff partner with USAID-Tarabot advisors to jointly conduct workshops and trainings for other GoI entities. These ongoing activities are important for MoP staff to garner knowledge about procurement and acquire training skills, which will be critical as the national reform process moves forward.

Commercial Law Development Program (CLDP)

USAID-Tarabot and the MoP participated in the Commercial Law Development Program (CLDP) held in Istanbul, Turkey. This three day workshop organized by the United States Department of Commerce was the second phase of a program for risk mitigation and dispute resolution in international government contracts." A delegation of 16 Iraqi government officials and university professors (9 males, 7 females) attended, including Dr. Maher Hammad Johan, Deputy Minister of Planning for Technical Affairs, and Dr. Azhar Hussain, MoP Director General for Government Contracts (DGGC).



Tarabot and MoP representatives at the Commercial Law Development Program

Participants were divided into groups to analyze and learn from a live case study on the mechanisms used for objecting to bid awards. Dr. Azhar, who attended the first phase of the program last March, has now requested an extension of USAID-Tarabot technical assistance in building the capacity of MoP staff in public-private partnerships and resolving contracting disputes.

Raising the awareness of GoI Entities on Public Procurement



MoP explains SBDs to GoI officials

The MoP continued to implement procurement training for GoI entities with a two-day workshop conducted at the National Center for Management Development and Information Technology (NCMDIT) in Baghdad for 26 government officials (20 males, 6 females). The latest version of standard bidding documents for execution of works and consultancy services were explained to representatives from Ministries of Communication, Defense, Electricity, Health, Industry and Minerals, Interior, Municipalities and Public Works, Planning, Transportation, and Water Resources.

Development of Procurement Curriculum

USAID-Tarabot Procurement Team coordinated with MoP Directorate General for Government Contracted (DGGCs) to finalize the compilation of the procurement curriculum for competency and advance training. The curriculum consists of an instructor's guide, a participant workbook, and PowerPoint presentations for numerous modules.

1.2 Ministries and Governors' Offices Capacity Building

1.2.1 Implementation of Standard Bidding Documents

USAID-Tarabot conducted a 10-day procurement training for 24 officials (20 males, 4 females) from COMSEC on modern procurement, including use of SBDs, opening letters of credit, and electronic archiving. Mr. Obeid Mahal Freeh, Deputy Secretary General for Administrative and Financial Affairs, attended the last day of the workshop, and distributed certificates of completion to workshop participants.



Deputy Sec. Obeid Freeh and participants

2. OIL SECTOR

USAID-Tarabot met with the Deputy Minister of Oil Fayadh Nea'ma, and other Gol counterparts to discuss details of possible assistance to the MoO for the coming year. USAID-Tarabot received formal approval from Deputy Minister Fayadh to initiate three packages of technical assistance: procurement, project management, and administrative reform.



Joint work plan discussed with the Deputy Minister of Oil Fayadh Nea'ma

As a result of this meeting, ministry SOEs were selected, and committees were formed to plan and implement high-priority interventions with the potential to increase the generation of oil revenues. USAID-Tarabot worked with the MoO to review their 2015 investment plan, identifying potential projects for the application of reformed procurement practices and modern project management techniques. Selection of projects will be based on their potential to yield increased oil production, exportation and revenue.

Some projects were nominated in meetings held with senior staff from the commercial department, the foreign purchases department, the internal purchases department, the contracts department, the projects department, and the studies and planning units. Selection of projects was based on either the availability of financial assignments in this year's annual budget, or because they are included in next year's proposed project list.

Name of the Project Nominated	Ministry State Company
Constructing a unit for heavy water in Najaf refinery and Samawa refinery; with design capacity of 100 cubic meters	Midland Refineries Company
Engineering and supplying of Pipe line 36 inch for crude oil, and optical fiber cable from Al-Zubair field to the refinery	South Refinery Company
Bin Omer Depot project in Basrah- Al-Zubair	State Company for Oil Projects
Rehabilitation of turbine units in Al-Zubair Oil Depot	South Oil Company
Preparation of feasibility study (economic, technical and engineering) for construction of gas compressing station in North Rumaila and Samawa	Oil Pipelines Company
Preparation of feasibility study (economic, technical and engineering) for extending the second national gas pipeline (Basrah - Baiji)	Oil Pipelines Company
Preparation of feasibility study (economic, technical and engineering) for the transfer of petroleum products (Basrah - Baghdad) passing through the provinces of Maysan and Wasit	Oil Pipelines Company
Complete maintenance for Turbine Engines type Rolls Royce	South Oil Company
Horizontal Directional Drilling (HDD) project for water injection pipes, used to lift water in oil fields to raise oil levels and leading to increase in oil production. The project located in the West of Al-Qurnah in Basrah	State Company for Oil Projects

Additionally, Site visits were conducted to the following ministry SOEs to develop joint action plans: South Oil Company, South Refineries Company, Oil Pipelines Company, State Company for Oil Projects, and Midland Refineries Company. The Midland Refineries Company approved a plan to improve their procurement system, and activities are scheduled to begin in September.

USAID-Tarabot met with Dr. Ihsan Al-Attar, chairman of steering committee, as well as the Legal Department Director and Planning Department Director, to review the following laws:

1. Law 150 for 1987 that identifies public and private sector workers as employees
2. Law 157 for 1973 for executing large development projects), and
3. Law 31 for 2011 that organizes the role of Federal Board of Supreme Audit

This month, USAID-Tarabot began a ten-day procurement training to 29 government offices (23 males, 6 females) from South Oil Company, which covered principles, policy, project life cycle, planning, terminologies, corruption and fraud, contracting methods, prequalification, international commercial terms, SBDs, bids evaluation, executing contracts and performance indicators.

Additionally, USAID-Tarabot Oil Sector staff stationed in Basrah met with Mr. Abdul-Shaheed Kadhum, Head of Planning Department to review the projects that are lagging, and select the urgent ones where USAID-Tarabot can intervene; by assisting the company in resolving contractual issues and/ or applying project management techniques. The following projects were reviewed:

- Removal of Amouriyah shipwreck from Shat Al Arab river (70% of the 22,000 ton ship wreck has been removed, though the contracted company has not completed the work due to financial and contracting issues)
- Expedite the Commission of Single Point Mooring (SPM) #5, where work is behind schedule due to project management problems and related to the delays regarding of the shipwreck noted above
- Construction of 24 (58000 cubic meter) tanks at the Al-Fao port; where only 70% of the construction work was complete due to technical issues



Procurement competency training to SOC officials

3. SOCIAL SAFETY NET (SSN) PROGRAM WITH KRG

USAID-Tarabot and KRG Ministry of Labor & Social Affairs (KMoLSA) continued their efforts on the SSN system.

USAID-Tarabot provided on-job-training to SSN engineers for Dahuk and Sulaymaniyah main sites who will undertake the responsibility of coordinating with the ISP to equip their branches with internet service.

SSN system users from ministry HQ and the four main sites are now able to use the system, as well as to train users from their branches.



OJT to KMoLSA staff on new SSN Database

Internet connectivity at the ministry headquarters and SSN has been improved. However, the ministry needs to address power shortages that are affecting the system.

Lastly, work is underway to migrate the data of SSN records from the old database to the new one. More than 74,000 records have been cleansed from the old database at the ministry HQ. In the meantime, additional information was added to the database representing the districts, sub-districts, post offices, banks and social welfare sites.

4. IRAQ DEVELOPMENT MANAGEMENT SYSTEM (IDMS)

With the IDMS Initiative reactivated, the MoP is moving forward with the deployment of the IDMS. The MoP formed a team of 24 specialists from their staff who were extensively trained by USAID-Tarabot. This team will work with five ministries and three governorate offices as a first phase to test and implement the IDMS: Ministries of Water Resources; Labor and Social Affairs; Construction and Housing; Science and Technology; and Higher Education, as well as the governorates of Diwaniyah, Muthanna and Wasit. The MoP is coordinating with COMSEC to ensure the rapid deployment of the IDMS.

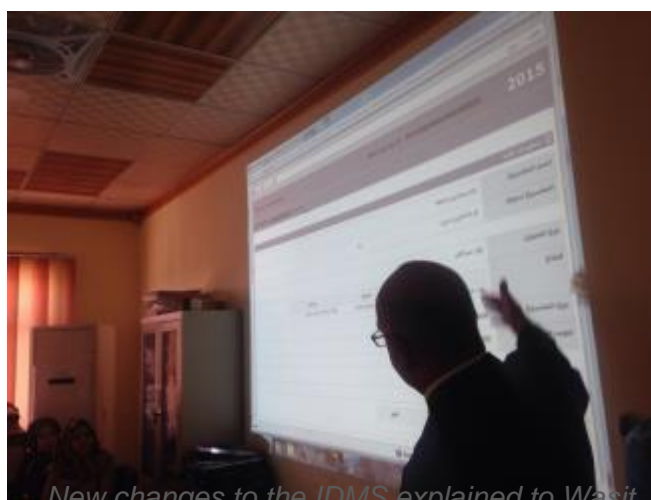
This month, USAID-Tarabot assisted MoP and provided on-job training and a five-day workshop to secure the deployment of the IDMS on these sites. Partners were trained to delete old records, enter new records, generate sample reports, as well as identify and document the problems.

In the meantime, Synergy International Inc. worked on removing all previous records for capital investment projects from the IDMS for the Gol entities above.

Similarly, USAID-Tarabot held a meeting with the National Development Plan (NDP) Department Manager to discuss potential work on the Iraqi National Monitoring System (INMS). The INMS is tailored to the NDP, and utilizes 50 indicators disaggregated by sectors to assess progress in reaching targeted goals and overall objectives.



MoP IDMS selected staff trained on new changes in the system



New changes to the IDMS explained to Wasit officials

PROJECT ADMINISTRATION

Staffing, Deployment, Registration

This month, USAID-*Tarabot* local staff increased to 52, with the additional administrative and technical staff hired to work in Baghdad, Basrah and Erbil.

Security

The security situation in Iraq was tense this month with on-going fighting in the north and west of Iraq, and continued explosions and attacks in Baghdad. Military operations continue by Iraqi Forces with the assistance of the Coalition Forces, to fight off the Islamic State in Iraq and Syria (ISIS). Military activities in the cities of Baiji and Ramadi have recently been the most significant. This has not affected *Tarabot* operations in Baghdad.

Visa/ Badges

USAID-*Tarabot* applied for four new visas, as well as received one visa approval.

Two green color and one yellow color badges for MSI were applied; in addition to one green color badge for Sallyport.

Property

USAID approved the disposition of:

- **Destruction of 24 hard drives:** In June 2014, MSI received CO approval to leave the Mansour compound and work remotely from Erbil, during ISIS occupying north and central Iraq; and advancement toward Baghdad. The destruction was necessary due to the sensitive USAID information in the hard drives
- **Disposition of additional excess equipment to the Dohuk One-Stop-Shop:** In June 2014, MSI requested and received USAID approval to dispose of Erbil office equipment to KRG MoLSA; for use in Dahuk One-Stop-Shop. A severe electrical storm damaged some equipment in the Social Welfare Director office, which MSI can replace with excess equipment currently in the project inventory

Two disposition requests have been submitted to USAID for disposal

- First disposition request: Sallyport submitted an offer to buy the list of property (Residency furniture, office furniture, water tanks, kitchen supplies and gym equipment); which has been under their custody since MSI purchased it. Two additional offers were received by other bidders. However both were significantly lower than the offer provided by Sallyport.
- Second disposition request: which includes sensitive equipment divided into two categories:
 - I. List of Motorola radios, GPSs & Thuraya Phones: Sallyport submitted an offer to buy them. These radios have been under Sallyport's custody since the USAID *Tijara* Project purchased them, and ownership was later transferred to *Tarabot* during the *Tijara* close-out. They currently remain in Sallyport custody

2. List of vests, helmets, Motorola radios, GPRS & Thuraya Phone etc....) which has been purchased by MSI. *Tarabot* is waiting for USAID instructions regarding their disposition

The disposition of 18 armored vehicles:

MSI has 18 D class Armored Vehicles. Per US Regulations these are classified and cannot be given or sold to the private sector or an alien government. They can only be given to the government or to a contractor on a USG Contract. The vehicles are registered to Private Security Company (PSC), Sallyport Global Services; because only PSCs have the authority to register armored vehicles with the GoI.

The vehicles are registered in two Iraqi Directorates, the Directorate of Registration and Evaluating the Private Security Companies (PSC) and Customs under Sallyport; which means Sallyport is legally responsible and held accountable for these vehicles. MSI proposed to return these vehicles directly to USAID Iraq, since they have ownership of them. But according to Iraqi Ministry of Interior (MoI) regulations for orange plated vehicles, the PSC must donate them to the Iraqi Government or re-export them outside the country. There is no third option.

Tarabot is in the process of working with USAID to receive a dip note; requesting permission from the Iraqi government to be exempted from MoI regulation. This would allow the destruction of the vehicles locally at BIAP, or to be donated back to USAID. Since the cost of shipping the vehicles out of country for destruction is prohibitive, obtaining a dip note is the only option. *Tarabot* is waiting this dip note from the US Embassy.